



JASON E. MUMPOWER
Comptroller

TENNESSEE STATE FUNDING BOARD
JUNE 15, 2022
AGENDA

1. Call meeting to order
2. Consideration for approval of minutes from the April 26, 2022, meeting
3. Report from the Department of Economic and Community Development for approval of funding for the following FastTrack projects:
 - **Ariens Company – Fayetteville (Lincoln Co.)**
FastTrack Economic Development Grant \$3,000,000
4. Presentation and consideration for approval of the Tennessee Housing Development Agency’s Schedule of Financing for Fiscal Year 2022-2023
5. Consideration for approval of the Resolution certifying Special Revenues as required by Section 9-9-104(b), Tennessee Code Annotated
6. Consideration and acceptance of Tennessee Consolidated Retirement System (TCRS) affirmation of Standby Commercial Paper Purchase Agreement
7. Consideration and approval of a revision to the State Pooled Investment Fund Investment Policy
8. Consideration and approval of a “Resolution Allocating from the Debt Service Fund to the Capital Projects Fund \$340,349 and Canceling Authorized Bonds”
9. Report from the Comptroller’s Office on requests for approval of plans of balloon indebtedness
10. Adjourn

TENNESSEE STATE FUNDING BOARD
April 26, 2022

The Tennessee State Funding Board (the “Board”) met on Tuesday, April 26, 2022, at 2:43 p.m., in the Executive Conference Room, State Capitol Building, Ground Floor, Nashville, Tennessee. The Honorable Jason Mumpower, Comptroller of the Treasury, was present and presided over the meeting.

The following members were also present:

The Honorable Tre Hargett, Secretary of State
The Honorable David Lillard, State Treasurer
Commissioner Butch Eley, Department of Finance and Administration

The following member was absent:

The Honorable Bill Lee, Governor

Having established that a quorum was present, Mr. Mumpower called the meeting to order and presented the minutes from the meeting held on March 28, 2022, for consideration and approval. Mr. Hargett made a motion to approve the minutes, and Mr. Lillard seconded the motion. The motion was unanimously approved.

Mr. Mumpower then recognized Mr. Bob Rolfe, Commissioner of the Tennessee Department of Economic and Community Development (“ECD”), to present FastTrack projects for consideration and Mr. Paul VanderMeer, Assistant Commissioner of Administration, ECD, to present the “FastTrack Report to State Funding Board” (the “Report”).

Prior to presenting the Report, Mr. VanderMeer presented information as a follow-up at Commissioner Eley’s request on the transfer from FastTrack related to the tax credit program as reported at the February 23, 2022, Board meeting. Mr. VanderMeer stated that the transfer that was made this year was the first time that it had occurred. Mr. VanderMeer then stated that no further amounts would need to be transferred to cover tax credits.

Mr. VanderMeer reported that, as of the date of the February 23, 2022, Board meeting, the FastTrack balance was \$224,908,706.49. Since that time, \$205,298.75 in new funds had been appropriated, comprised of approximately \$120,500.00 of interest earned on the fund between July 2021 and February 2022, and \$84,800.00 was an interest penalty on a claw-back payment; \$1,065,824.53 in funds had been deobligated; \$3,000,000.00 in funds had been transferred from FastTrack; \$17,033,508.00 in new grants and loans had been approved; and \$337,096.98 in funds had been spent on FastTrack administrative expenses, which resulted in an adjusted FastTrack balance available for funding grants and loans of \$205,809,224.79 as of the date of the Report. Mr. VanderMeer reported that total commitments had been made in the amount of \$172,651,334.43, resulting in an uncommitted FastTrack balance of \$33,157,890.36. Mr. VanderMeer reported that the amount of proposed grants for projects to be considered at this meeting totaled \$3,629,500.00, and if these projects were approved, the uncommitted balance would be \$29,528,390.36, and the total committed balance would be \$176,280,834.43, which represented 85.7% of the FastTrack balance.

Mr. VanderMeer also reported that the \$3,000,000.00 in funds transferred from FastTrack were part of a State reduction plan to FastTrack in fiscal year 2021. Mr. VanderMeer further stated that the funds were impounded during fiscal year 2021 and were not included in the FastTrack balance, and were subsequently reverted back at year-end close, making it necessary to report the transfer out.

Mr. Mumpower then requested, without objection, that all three projects be presented together. Mr. Rolfe then presented the following FastTrack projects:

- **Nashville Record Pressing, LLC – Nashville (Davidson County)**
FastTrack Job Training Assistance Grant \$ 892,500

- **Memphis Record Pressing, LLC – Bartlett & Memphis (Shelby County)**
FastTrack Job Training Assistance Grant \$ 987,000

- **Dot Foods, Inc. – Manchester (Coffee County)**
FastTrack Economic Development Grant \$ 1,750,000

The Board member packets included letters and FastTrack checklists signed by Commissioner Rolfe, and incentive acceptance forms signed by company representatives. Mr. Mumpower inquired if the companies that had signed the incentive acceptance forms fully understood the agreements, and Mr. Rolfe responded affirmatively. Mr. Mumpower then inquired if the checklists had been completed for each project, and Mr. Rolfe responded affirmatively. Mr. Mumpower then inquired if all the projects included accountability agreements which would provide protections for the state in the event the entity could not fulfill the agreement, and Mr. Rolfe responded affirmatively. Mr. Mumpower then stated that he did have a fourth question which was, have we now gone back to vinyl records? A conversation ensued, and then Mr. Hargett made a motion to approve the projects. Mr. Eley seconded the motion, and it was unanimously approved.

After Mr. Mumpower requested other business and heard none, Mr. Lillard made a motion to adjourn the meeting, and Mr. Hargett seconded the motion. The motion was unanimously approved, and the meeting was adjourned.

Approved on this _____ day of _____ 2022.

Respectfully submitted,

Sandra Thompson
Assistant Secretary

FastTrack Report to State Funding Board

6/10/2022

1. Previous FastTrack Balance, as of Last Report	205,809,224.79	
2. + New Appropriations:	85,837.04	
3. + Newly Deobligated Funds:	158,000.00	
4. + Funds Transferred to FastTrack:	0.00	
5. - Funds Transferred from FastTrack:	0.00	
6. - FastTrack Grants or Loans Approved Greater Than \$750,000:	(11,444,800.00)	
7. - FastTrack Grants or Loans Approved Less Than \$750,000:	(1,953,000.00)	
8. - FastTrack Administration	(149,884.95)	
9. Adjusted FastTrack Balance Available for Funding FastTrack Grants or Loans:		192,505,376.88

10. Total Amount of Commitments:	184,897,674.48	
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11. Uncommitted FastTrack:		7,607,702.40
12. Percentage Committed:		96.0%

13. Amount of Proposed Grants or Loans:	3,000,000.00	
14. Uncommitted FastTrack Balance if Proposed Grants or Loans Approved:		4,607,702.40
15. Percentage Committed:		97.6%

See next page for explanations of the above questions.

I have reviewed the above and believe it to be correct:

Robert D. Rolfe / SR

Commissioner of Economic and Community Development

Date: 6/13/22



Department of Economic and Community Development

Bob Rolfe
Commissioner

Bill Lee
Governor

June 15, 2022

Comptroller Jason Mumpower
First Floor, State Capitol
Nashville, TN 37243

Dear Comptroller Mumpower:

The Department of Economic & Community Development (the "Department") seeks approval by the State Funding Board (the "Board") pursuant to T.C.A. § 4-3-717(a) authorizing FastTrack infrastructure, training, and economic development grants where there is a commitment by an eligible business to create or retain private sector jobs or engage in private investment or where the Commissioner of Economic and Community Development determines that such investment will have a direct impact on employment and investment opportunities in the future. The following projects meet the statutory requirements and the Department presents these projects to the Board pursuant to the mandates of T.C.A. § 4-3-717(e), which requires approval of grants and loans under the FastTrack Infrastructure Development Program, the FastTrack Job Training Assistance Program, and the FastTrack Economic Development Program that exceed \$750,000 per eligible business within a three (3) year period.

1. Ariens Company – Fayetteville (Lincoln County)

Founded in 1933 and headquartered in Brillion, Wisconsin, Ariens Company has been a leader in the outdoor power equipment industry for nearly 90 years. The brand offers both lawn and garden and snow removal equipment, which is available at many independent power equipment dealers in North America and Europe. Today, AriensCo employs more than 2,250 people across its operations in Norway, the U.K., Germany and the U.S.

The company's expansion to Tennessee is in direct response to AriensCo's increase in demand, which has outpaced current production capacity. The new Fayetteville site will position AriensCo to be geographically closer to its dealer partners, customers and material suppliers in the southeastern U.S. and will also serve as the hub for AriensCo's Gravelly® brand of commercial outdoor power equipment.



Department of Economic and Community Development

Bob Rolfe
Commissioner

Bill Lee
Governor

Ariens Company has committed to create 369 net new jobs and make a \$38,000,000 capital investment within five (5) years. The company will have an average hourly wage of \$18.90 for the new positions.

FastTrack Economic Development Grant Funds will help offset expenses such as building retrofit and fixture improvements for a total of \$3,000,000. **(\$3,000,000)**

Total FastTrack funds for this project - \$3,000,000

Sincerely,

A handwritten signature in cursive script that reads "Bob Rolfe BR".

Bob Rolfe

BR/js

State Funding Board FastTrack Checklist

FastTrack grants or loans exceeding seven hundred fifty thousand dollars (\$750,000) per eligible business within a three-year period require state funding board approval T.C.A. § 4-3-717(e).

Please identify the type of FastTrack funding requested and the grant or loan amount:

TYPE OF FUNDING	RECIPIENT ENTITY	GRANT AMOUNT	LOAN AMOUNT
INFRASTRUCTURE			
TRAINING*			
ECONOMIC DEVELOPMENT	The Industrial Development Board of the City of Fayetteville and Lincoln County, Tennessee	\$3,000,000	
TOTAL		\$3,000,000	

(Recipient entity must be a local government, their economic development organization, a political subdivision of the state, or an eligible business beneficiary [for training only].)

***ELIGIBLE BUSINESS BENEFICIARY (if different than Recipient Entity):** _____ **Ariens Company**

Complete the General Statutory Compliance section below and the section(s) that corresponds with the type of funding indicated above. General Statutory Compliance items apply to all types of funding represented above.

GENERAL STATUTORY COMPLIANCE

1. Will this new commitment cause the FastTrack appropriations to be over-committed T.C.A. § 4-3-716(g)? Yes No
 If "yes," state funding board concurrence is required. Attach the commissioner's rationale used to determine the amount of actual commitments unlikely to be accepted based on historical program trends (maximum allowed is 130% of the appropriations available for new grants).
2. Will this new commitment place in jeopardy compliance with the legislative intent that actual expenditures and obligations to be recognized at the end of the fiscal year not exceed available reserves and appropriations of the programs T.C.A. § 4-3-716(g)? Yes No
3. Does this grant or loan comply with the legislative intent to distribute FastTrack funds in all areas of the state to the extent practicable T.C.A. § 4-3-716(f)? Yes No
4. Has the commissioner of economic and community development provided to the commissioner of finance and administration (with copies transmitted to the speaker of the house of representatives, the speaker of the senate, the chairs of the finance, ways and means committees, the state treasurer, the state comptroller, the office of legislative budget analysis, and the secretary of state) the most recent quarterly report regarding the status of the appropriations for the FastTrack fund T.C.A. § 4-3-716(h)? Yes No

Identify which of the following apply:

5. a. Does the business export more than half of their products or services outside of Tennessee T.C.A. § 4-3-717(h)(1)(A)?
- b. Do more than half of the business' products or services enter into the production of exported products T.C.A. § 4-3-717(h)(1)(B)?
- c. Does the use of business' products primarily result in import substitution on the replacement of imported products or services with those produced in the state T.C.A. § 4-3-717(h)(1)(C)?
- d. Has the commissioner of economic and community development determined the business has other types of economic activity that contributes significantly to community development education and has a beneficial impact on the economy of the state T.C.A. § 4-3-717(h)(1)(D)? If "yes," attach the commissioner's rationale.

Applicant must answer "Yes" to a or b.

6. a. Is there a commitment by a responsible official in an eligible business for the creation or retention of private sector jobs and investment T.C.A. § 4-3-717(a)? If "yes," attach documentation.
- b. Has the commissioner of economic and community development determined that this investment will have a direct impact on employment and investment opportunities in the future T.C.A. § 4-3-717(a)? If "yes," attach the commissioner's rationale.

TRAINING

7. Will the grant support the training of new employees for locating or expanding industries T.C.A. § 4-3-717(c)(1)? Yes No
8. Will the grant support the retraining of existing employees where retraining is required by the installation of new machinery or production processes T.C.A. § 4-3-717(c)(2)? Yes No

INFRASTRUCTURE

9. Is the land to be improved publicly owned and not subject to a purchase option by a private entity where the purchase option covering the land may be exercised within a period of five (5) years following the date of the infrastructure grant? T.C.A. § 4-3-717(b)(2-3)? Yes No
10. Is this grant or loan made to a local government, a local government economic development organization or other political subdivision of the state T.C.A. § 4-3-717(d)(1)? Yes No
11. In determining the level of assistance for infrastructure and site preparation, was consideration given to local ability-to-pay with areas of lesser ability being eligible for higher grant rates T.C.A. § 4-3-717(f)? Yes No

Applicant must answer "Yes" to a or b.

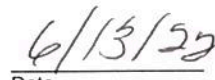
12. a. Will the grant or loan address infrastructure, such as, water, wastewater, transportation systems, line extensions, industrial site preparation or similar items where it is demonstrated that such improvements are necessary for the location or expansion of business or industry T.C.A. § 4-3-717(h)(2)?
- b. Has the commissioner of economic and community development determined the funds make significant technological improvements such as digital switches or fiber optic cabling that would have a beneficial impact on the economy of this state T.C.A. § 4-3-717(h)(2)? If "yes," attach the commissioner's rationale.

ECONOMIC DEVELOPMENT

13. Is this grant or loan made to a local government, a local government economic development organization or other political subdivision of the state T.C.A. § 4-3-717(d)(1)? Yes No
14. Is this grant or loan eligible for FastTrack infrastructure development or job training assistance funds T.C.A. § 4-3-717(d)(1)? Yes No
15. Will this grant or loan be used to facilitate economic development activities that include, but are not limited to, retrofitting, relocating equipment, purchasing equipment, building repairs and improvements, temporary office space or other temporary equipment related to relocation or expansion of a business T.C.A. § 4-3-717(d)(1)? Yes No
16. Will the funds be used in exceptional circumstances wherein the funds will make a proportionally significant economic impact on the affected community T.C.A. § 4-3-717(d)(1)? If "yes," attach an explanation of the exceptional circumstances and the proportionally significant economic impact. Yes No
17. The department of economic and community development is required to notify and provide the state funding board a detailed written explanation of the purpose for which this economic development grant or loan is being awarded or used T.C.A. § 4-3-717(d)(2). Attach documentation. Yes No

I have reviewed this document and believe it to be correct.


Commissioner of Economic and Community Development


Date



Department of Economic and Community Development

Bob Rolfe
Commissioner

Bill Lee
Governor

March 22, 2022

INCENTIVE ACCEPTANCE FORM

This form serves as notice that Ariens Company intends, in good faith, to create 369 private sector jobs in Fayetteville, Lincoln County and make a capital investment of \$38,000,000 in exchange for incentives that will be memorialized in a grant agreement between Ariens Company and the State of Tennessee. New jobs must be in addition to the company's baseline of 0 jobs at the project site in Tennessee.

ECD OFFER SUMMARY

Fast Track Economic Development Grant:	\$ 3,000,000
Total ECD Commitment:	\$ 3,000,000

Please sign your name in the space below to signify Ariens Company's acceptance of ECD's offer set forth above and return it by June 20, 2022 to:

Tennessee Department of Economic and Community Development
Attn: Joey Viola
312 Rosa Parks Avenue, 27th Floor
Nashville, TN 37243
Joey.Viola@tn.gov

Please note that this Incentive Acceptance Form does not give rise to any legal obligations on the part of the State of Tennessee, any department or instrumentality of the State of Tennessee (including ECD and the Department of Revenue) or the Company. The terms and conditions governing the award of the incentive package described herein will be set forth in a grant agreement, the form of which will be provided to the Company following the delivery of an executed copy of the Incentive Acceptance Form. The incentives described in this letter are based upon the representations made by the Company to ECD regarding the project. ECD reserves the right to revise the incentives described in this Incentive Acceptance Form if any aspect of the project changes after receipt of this form. Changes that could result in revision of incentives include, but are not limited to, number of jobs, amount of capital investment, composition of company vs. contract jobs, average wage, or location of the project. ECD reserves the right to recover funds for this project if grant contracts are not executed within one year of the date of signature below.

Signature: _____
(Authorized Representative of Company)

Date: 3/31/2022



Department of Economic and Community Development

Bob Rolfe
Commissioner

Bill Lee
Governor

June 15, 2022

Comptroller Jason Mumpower
First Floor, State Capitol
Nashville, TN 37243

Dear Comptroller Mumpower:

Pursuant to Tennessee Code Annotated §4-3-717 (d)(1)-(2), I am writing to inform you that the Department of Economic and Community Development is awarding a FastTrack Economic Development Grant to The Industrial Development Board of the City of Fayetteville and Lincoln County, Tennessee for the benefit of Ariens Company in the amount of \$3,000,000 to offset the costs Ariens Company will incur in building retrofit and fixture improvements. The project activities would not be eligible for the FastTrack Infrastructure Development Program.

This project will yield a proportionately significant impact on this community due to the number of net new manufacturing jobs and capital investment. Ariens Company has committed to create 369 net new jobs and make a \$38,000,000 capital investment within five (5) years. The company will have an average hourly wage of \$18.90 for the new positions.

This project will have an exceptional impact on this area of the state.

Sincerely,

A handwritten signature in black ink that reads "Bob Rolfe / SR". The signature is written in a cursive, flowing style.

Bob Rolfe

BR/js

TENNESSEE HOUSING DEVELOPMENT AGENCY

SCHEDULE OF FINANCING

FISCAL YEAR 2022-2023

SUMMARY

The Tennessee Housing Development Agency (“THDA”) is required, under Tennessee Code Annotated Section 13-23-120(e)(1), to submit a schedule to the State Funding Board showing financings proposed for the fiscal year. The proposed schedule for fiscal year 2022-2023 is attached.

Total amount of bonds or notes reflected on Schedule
of Financing for Fiscal Year 2022-2023:

\$464,000,000

TENNESSEE HOUSING DEVELOPMENT AGENCY
SCHEDULE OF FINANCING
FISCAL YEAR 2022-2023

**ISSUE 2022-3 - RESIDENTIAL FINANCE PROGRAM BONDS –NEW VOLUME CAP
2022**

Sources of Funds

Proceeds of the Issue	\$ 164,000,000
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Uses of Funds

To Purchase Mortgage Loans or Refund Outstanding Bonds	\$ 164,000,000
Bond Reserve Funds)
Underwriting Fee/Bond Discount)
Capitalized Interest)
Cost of Issuance)

\$ THDA contribution, or no more than 1% of
bond proceeds, or a combination thereof

**ISSUE 2023-1 - RESIDENTIAL FINANCE PROGRAM BONDS –NEW VOLUME CAP/REFUNDING
February 2023**

Sources of Funds

Proceeds of the Issue	\$ 150,000,000
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Uses of Funds

To Purchase Mortgage Loans or Refund Outstanding Bonds	\$ 150,000,000
Bond Reserve Funds)
Underwriting Fee/Bond Discount)
Capitalized Interest)
Cost of Issuance)

\$ THDA contribution, or no more than 1% of
bond proceeds, or a combination thereof

**ISSUE 2023-2 - RESIDENTIAL FINANCE BONDS –NEW VOLUME CAP
June 2023**

Sources of Funds

Proceeds of the Issue \$ 150,000,000

Uses of Funds

To Purchase Mortgage Loans or Refund Outstanding Bonds \$ 150,000,000

Bond Reserve Funds)	
Underwriting Fee/Bond Discount)	\$ THDA contribution, or no more than 1% of
Capitalized Interest)	bond proceeds, or a combination thereof
Cost of Issuance)	

Single Family Bonds Sold in FY 2021-2022

\$ 99,990,000 Issue 2021-2 Residential Finance Program Bonds,
Dated August 24, 2021

\$ 170,000,000 Issue 2021-3 Residential Finance Program Bonds,
Dated November 17, 2021

\$ 200,000,000 Issue 2022-1 Residential Finance Program Bonds,
Dated March 22, 2022

\$ 150,000,000 Issue 2022-2 Residential Finance Program Bonds
Dated May 24, 2022

TOTAL \$619,990,000

Multifamily Bonds Sold in FY 2021-2022 \$ 0

**Volume Cap Used by Local Issuers
For Multi-Family Housing in 2021** \$ 539,812,124 From THDA’s 2021 Volume Cap Allocation

**Volume Cap Available to Local Issuers
For Multi-Family Housing in 2022** \$ 345,600,000 From THDA’s 2022 Volume Cap Allocation

ASSUMPTIONS

1. A bond issue may include any structure authorized by the Board and approved by the Bond Finance Committee, including, without limitation, convertible option bonds, short term notes, variable rate debt, taxable debt, planned amortization class bonds.

2. Dates of bond issues are based on estimated absorption of available funds and expected need for additional funds for three to four months, subject to the actual rate at which mortgage loans are currently being purchased.
3. THDA anticipates taking the maximum spread allowed under federal law for each bond issue, which is 112 basis points. The maximum spread could, however, be reduced based on program requirements at the time of sale. Interest rates for THDA loans could be further subsidized.
4. THDA anticipates future bonds will be issued under the 2013 General Resolution to continue to reduce the moral obligation of the state for THDA bonds.
5. The volume cap assumption is that 50% of the annual total tax-exempt bond authority amount available in Tennessee is made available to THDA at the beginning of each calendar year. This is the allocation to THDA for all tax-exempt housing bond issuance in the state in the current Department of Economic and Community Development plan. For bond issues in calendar year 2021, volume cap carried forward from 2018 will be used. For bond issues in calendar year 2022, volume cap THDA carried forward from 2019 will be used. Unused 2018 volume cap, if any, will be made available for the THDA Mortgage Credit Certificate Program by making the required elections on or before December 31, 2021.
6. A THDA contribution may be made with each bond issue as needed to over-collateralize the bond issue for the benefit of THDA borrowers, to fund required reserves, to pay cost of issuance and to ensure that the maximum amount of bond proceeds is used to fund mortgage loans. The amount and source of the THDA contribution is determined at the time it is needed. The amount of the contribution, if needed, is based on the structure of the bond issues, an analysis of debt service requirements of the general resolution under which the bonds are issued, the fee paid to underwriters and an estimate of other costs of issuance expected to be incurred. The source of such THDA contribution is assets available for such purpose under the 2013 General Resolution, 1985 General Resolution or the 2009 General Resolution.

**RESOLUTION MAKING FINDINGS
FOR DECREASE IN SPECIAL REVENUES**

WHEREAS, Section 9-9-104(a), Tennessee Code Annotated (“Section 9-9-104(a)”), pledges, inter alia, for the payment of the principal of and interest on the bonds of the State of Tennessee (the “State”) issued under Title 9, Chapter 9, Tennessee Code Annotated, outstanding as of July 1, 2013, the entire annual proceeds (the “Franchise Tax Proceeds”) of franchise taxes imposed by the franchise tax law compiled in Title 67, Chapter 4, Part 21, Tennessee Code Annotated; and

WHEREAS, the State has covenanted with the holders of such bonds that it will not decrease by legislative action any of the fees or taxes pledged pursuant to Section 9-9-104(a), including, without limitation, the Franchise Tax Proceeds, or eliminate from the requirement to pay such fees or taxes any substance, motor vehicle or corporation on account of which the payment of such fees or taxes is required, unless the Funding Board of the State of Tennessee (the “State Funding Board”) shall certify as required by Section 9-9-104(b), Tennessee Code Annotated (“Section 9-9-104(b)”); and

WHEREAS, the method of apportionment of net worth contained in Section 67-4-2111(l), Tennessee Code Annotated (the “Subsection”), which method applies to tax years beginning on or after January 1, 2017, is expected by the Department of Finance and Administration to result in a decrease in the Franchise Tax Proceeds for the fiscal year 2022-2023; and

WHEREAS, part (5) of the Subsection provides that the Subsection shall be operative only for such fiscal years as to which the State Funding Board shall have made a certification pursuant to Section 9-9-104(b).

NOW, THEREFORE, BE IT RESOLVED by the State Funding Board, and the State Funding Board hereby certifies, pursuant to Section 9-9-104(b), as follows:

1. All payments due the State Funding Board under Title 9, Chapter 9, Tennessee Code Annotated, have been made in full;
2. The State is not in default in the payment of any outstanding debt or in the payment of interest thereon; and
3. The fees and taxes pledged pursuant to Section 9-9-104(a), including, without limitation, the Franchise Tax Proceeds, calculated as required by the Subsection, for the fiscal year 2022-2023 will be sufficient to provide funds adequate to meet all payments required to be made by the State Funding Board in such fiscal year, as well as to provide for the other obligations and expenses of the State for such fiscal year to be defrayed therefrom.

BE IT FURTHER RESOLVED by the State Funding Board that this Resolution shall take effect immediately upon its adoption.



**STATE OF TENNESSEE
DEPARTMENT OF FINANCE AND ADMINISTRATION
STATE CAPITOL
NASHVILLE, TENNESSEE 37243-0285**

**BUTCH ELEY
COMMISSIONER**

June 9, 2022

MEMORANDUM

TO: The Honorable Jason E. Mumpower, Secretary
State Funding Board

FROM: Butch Eley, Commissioner *Butch Eley*

SUBJECT: Franchise Tax Reduction

This memorandum shall serve as confirmation of the following:

1. All payments due pursuant to Tennessee Code Annotated Title 9, Chapter 9 have been made in full;
2. The State is not in default in the payment of any outstanding debt or in the payment of interest thereon; and
3. Notwithstanding the lowering of the collections in the taxes imposed by the franchise tax law compiled in Title 67, Chapter 4, Part 21, Tennessee Code Annotated, such collections will be fully sufficient to provide funds adequate to meet all payments required to be made by the State Funding Board in the upcoming fiscal year and to provide for the other obligations of the State in Fiscal Year 2022-2023.

BE:DT:ars

cc: Comptroller – Division of State Government Finance
F&A – Division of Budget

**TENNESSEE CONSOLIDATED RETIREMENT SYSTEM
STATE OF TENNESSEE**



DAVID H. LILLARD, JR.
STATE TREASURER

TREASURY DEPARTMENT
STATE CAPITOL
NASHVILLE, TENNESSEE 37243-0225

MARY JO PRICE
CHIEF OPERATING OFFICER

MICHAEL BRAKEBILL
CHIEF INVESTMENT OFFICER

JAMIE WAYMAN
DIRECTOR OF TCRS

June 3, 2022

The Honorable Jason Mumpower
Secretary of the Funding Board
Comptroller of the Treasury
State Capitol, 1st Floor
Nashville, TN 37243

Dear Comptroller Mumpower:

The Tennessee Consolidated Retirement System ("TCRS") has entered into an amended and restated contract (the "Contract") with the State of Tennessee (the "State"), acting by and through the State Funding Board, whereby TCRS serves as a standby purchaser under the State's commercial paper program. The Contract was effective as of May 26, 2021 and expires on July 1, 2026.

Either party may terminate the Contract by giving notice to the other party at least the longer of (i) ninety (90) calendar days or (ii) the remaining number of calendar days to maturity of any then-outstanding commercial paper plus one (1) calendar day. TCRS does not presently plan to terminate the Contract at any time prior to July 1, 2023.

Tennessee Code Annotated, Section 8-37-104(a)(8) authorizes TCRS to serve as a standby note purchaser. The Board of Trustees (the "Board") of TCRS has adopted a provision in the investment policy of TCRS (the "Policy") authorizing TCRS to enter into such contracts.

Pursuant to the powers accorded it in Tennessee Code Annotated, Section 8-37-110 and in the Policy, the Board has delegated implementation of the Policy to the Treasurer. The Policy further provides that the Treasurer has delegated certain responsibilities to the Chief Investment Officer of TCRS, including the power to invest and reinvest the assets of TCRS.

Accordingly, I have the authority to issue this letter on behalf of TCRS.

Sincerely,

A handwritten signature in blue ink, appearing to read "Michael Brakebill".

Michael Brakebill, CFA, CAIA
Chief Investment Officer

June 3, 2022



JASON E. MUMPOWER
Comptroller

June 15, 2021

Mr. Michael Brakebill
Chief Investment Officer
Tennessee Consolidated Retirement System
Nashville, TN 37243

Dear Mr. Brakebill:

The Tennessee Consolidated Retirement System (“TCRS”) has entered into an amended and restated contract (the “Contract”) with the State of Tennessee (the “State”), acting by and through the State Funding Board, whereby TCRS serves as a standby purchaser under the State’s commercial paper program. The Contract was effective as of May 26, 2021 and expires on July 1, 2026.

Either party may terminate the Contract by giving notice to the other party of at least the longer of (i) ninety (90) calendar days or (ii) the remaining number of calendar days to maturity of any then-outstanding commercial paper plus one (1) calendar day. You have informed me that TCRS does not presently plan to terminate the Contract at any time prior to July 1, 2022.

In consideration of, and in response to, your advance notification that TCRS will not cancel during the upcoming fiscal year, I am authorized to inform you that the State Funding Board also does not plan to terminate the Contract at any time prior to July 1, 2022.

Sincerely,

Jason E. Mumpower
Secretary, State Funding Board

STATE POOLED INVESTMENT FUND

INVESTMENT POLICY

REVISED AND RESTATED

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I. Definitions

The following definitions are used hereafter with respect to and for purposes of this Investment Policy:

Board – State Funding Board.

Comparable Quality – A security or investment that 1) presents minimal credit risk, 2) is denominated in United States Dollars (USD), and 3) is determined by the Board or the Investment Staff, whereby such determination is made in writing for certain investment types and retained for record retention purposes, to be of comparable quality to securities that have a credit rating within the highest tier of short-term ratings or its long-term equivalent.

Daily Liquid Assets – The following investment instruments: cash, including certificates of deposit and money market demand deposit accounts that mature within one (1) business day; U.S. Direct Obligation Securities; securities that will mature within one (1) business day, without taking into account Maturity Shortening Feature(s) for securities with a variable or floating interest rate; securities subject to a demand feature that is exercisable and payable within one (1) business day; and amounts receivable and due unconditionally within one (1) business day on pending sales of securities.

First Tier Quality – A security that 1) presents minimal credit risk, 2) is denominated in United States Dollars (USD), and 3) has an Investment Grade credit rating.

Illiquid Investment – An investment that cannot be sold or disposed of in the ordinary course of operations at its amortized cost value within five (5) business days.

Investment Grade – A credit rating within the highest tier of short-term ratings or its long-term equivalent (e.g., P-1, A-1, F1) by a NRSRO. Rating modifiers (+, -) will not be considered when determining the tier. If rated by two NRSROs and the ratings conflict, the lower tier applies. If rated by more than two (> 2) NRSROs, the highest ratings determined by at least two (≥ 2) NRSROs applies. The Board has determined that U.S. Direct Obligation Securities, U.S. Agency Securities and U.S. Instrumentality Securities to be of Comparable Quality that have been rated within the highest category of credit ratings and are deemed to be rated Investment Grade.

Investment Staff – Each Department of Treasury, Investment Division employee involved in the investment management of the SPIF.

Maturity Shortening Feature (“MSF”) – Detailed criteria used to calculate the maturity for a security or other investment with a specific feature. For purposes of this Investment Policy, the following are considered allowable:

Security	Stated Maturity	Maturity using a Maturity Shortening Feature
U.S. Government Securities with a variable interest rate	N/A	The period remaining until the next readjustment of the interest rate shall be ≤ 397 calendar days.
Other investment with a variable interest rate, not U.S. Government Securities	≤ 397 calendar days	The shorter of the period remaining until the next readjustment of the interest rate or the period remaining until the principal amount can be recovered through demand shall be ≤ 397 calendar days.
Other investment with a variable interest rate, not U.S. Government Securities	> 397 calendar days	The longer of the period remaining until the next readjustment of the interest rate or the period remaining until the principal amount can be recovered through demand shall be ≤ 397 calendar days.
U.S. Government Securities with a floating interest rate	N/A	One day.
Other investment with a floating interest rate, not U.S. Government Securities	≤ 397 calendar days	The shorter of the period remaining until the next rate adjustment or the interest rate resets or the maturity date of the investment shall be ≤ 397 calendar days.
Other investment with a floating interest rate, not U.S. Government Securities	> 397 calendar days	The period remaining until the principal amount can be recovered through demand shall be ≤ 397 calendar days.
Repurchase or Reverse Repurchase Agreement or Securities Lending Agreement	N/A	Either the i) period remaining until the date on which the repurchase (or return) of the underlying securities is scheduled to occur or ii) the duration of the notice period applicable to a demand for the repurchase (or return) of the securities, such as a put option, shall be ≤ 397 calendar days.

Nationally Recognized Statistical Rating Organization (“NRSRO”) - Any credit rating agency that is registered with the Securities and Exchange Commission (“SEC”) as such. For the avoidance of doubt, a NRSRO includes “commercial paper rating services.”

Repurchase or Reverse Repurchase Agreement – A tri-party repurchase agreement or tri-party reverse repurchase agreement whereby 1) the securities are insured and registered in the name of the state and 2) a custodian, not the counterparty, acts as an intermediary.

Second Tier Quality – A security that 1) presents minimal credit risk, 2) is denominated in United States Dollars (USD), and 3) has a credit rating description given to securities rated within the second tier of short-term ratings or its long-term equivalent (e.g., P-2, A-2, F2) by a NRSRO; rating modifiers (+, -) shall not be considered when determining the tier. If a security has been rated by two NRSROs and the ratings conflict, the security shall be considered to be in the lower tier. If a security has been rated by more than two (> 2) NRSROs, the security shall be considered to be in the highest category of ratings determined by at least two NRSROs.

Shadow Price – The net asset value per share of the SPIF calculated using total investments measured at fair value at the calculation date.

SPIF – State Pooled Investment Fund, which is also be referred to in state law as “pooled investment fund.” For purposes of this Investment Policy, the term SPIF shall also include the total investment portfolio of the SPIF, including, but not limited to, the pooled investment fund, the funds of the Local Government Investment Pool that have been commingled for investment purposes pursuant to T.C.A. §9-4-704 and any unspent proceeds of the state’s bond programs.

Stable Net Asset Value – The net asset value of one dollar (\$1.00) per share calculated using SPIF total investments measured at amortized cost at the calculation date.

Stated Maturity – The period remaining, calculated from the acquisition date, until the date on which the total or remaining principal amount is required to be unconditionally repaid in accordance with the terms of the security or other investment.

T.C.A. – Tennessee Code Annotated.

U.S. Agency Securities – Debt obligations guaranteed as to principal and interest by any agency of the United States.

U.S. Direct Obligation Securities – bonds, notes and treasury bills of the United States or other debt obligations guaranteed as to principal and interest by the United States.

U.S. Government Securities – U.S. Direct Obligation Securities, U.S. Agency Securities and U.S. Instrumentality Securities.

U.S. Instrumentality Securities – Debt obligations guaranteed as to principal and interest by any United States government-sponsored corporation. For the avoidance of doubt, “government-sponsored corporation,” includes any United States government-sponsored enterprises (“GSEs”) and any instrumentality with the express or implied backing of the United States government.

Weekly Liquid Assets – For purposes of this Investment Policy, the following investment instruments: cash, including certificates of deposit and money market demand deposit accounts that mature within five (5) business days and are expected to be held to maturity; U.S. Direct Obligation Securities; U.S. Agency Securities or U.S. Instrumentality Securities issued at a discount without provision for the payment of interest and that have a remaining maturity of sixty days or less (≤ 60); securities that will mature within five (5) business days, without taking into account Maturity Shortening Feature(s) for securities with a variable or floating interest rate; securities subject to a demand feature that is exercisable and payable within five (5) business days; and amounts receivable and due unconditionally within five (5) business days on pending sales of securities.

II. Overview and Authority

A. Introduction

The SPIF was established to receive and invest money in the custody of any officer or officers of the state, unless prohibited by statute to be invested. For investment purposes, pursuant to T.C.A. §9-4-704, funds in the Local Government Investment Pool (“LGIP”) have been commingled with state funds held in the SPIF.

B. Investment Authority

Administration and responsibility for the proper operation of the SPIF are vested with the State Treasurer. The State Treasurer may delegate certain responsibilities of day-to-day administration to Department of Treasury staff.

Implementation of the Investment Policy established by the Board is hereby delegated to the State Treasurer, who shall put such policy into effect. In implementing this Investment Policy, the State Treasurer hereby delegates certain responsibilities to the Investment Staff, including the power to invest and reinvest the SPIF in accordance with the criteria established by this Investment Policy.

C. Fiduciary Standard

The SPIF shall be invested and managed in good faith and in the best interest of the participants with the care an ordinarily prudent person in a like position would exercise under similar circumstances. Notwithstanding the foregoing, and in accordance with T.C.A. §9-4-602, the SPIF shall be invested subject to the criteria further established by the Board through this Investment Policy, as may be amended from time to time.

D. Compliance with the Law

The Board, Investment Staff and investment-related service providers are required to comply with all applicable federal and state laws, rules and regulations. The Investment Policy may reference or restate applicable laws, rules and regulations, or portions thereof, for convenience; however, in the event of any conflict between the law and this Investment Policy, the law prevails. Each fiduciary to the SPIF is ultimately responsible for compliance with applicable laws, rules and regulations.

E. Scope

The Investment Policy is binding on all persons and entities with authority over the SPIF.

III. Objective

The purpose of this Investment Policy is to support the governing principles by:

- Outlining the distinct roles and responsibilities of the Board, State Treasurer, and internal Investment Staff;
- Electing the method of measuring securities and investments for financial reporting purposes;

- Setting forth the additional investment criteria, which the Board determines to be prudent in consideration of the purposes, terms, distribution requirements and other circumstances of the SPIF and in the best interest of the participants;
- Communicating the Investment Policy, as approved by the Board; and
- Functioning as a supervisory tool, guiding the ongoing oversight of the SPIF.

IV. Roles and Responsibilities

In addition to the responsibilities described below and throughout this Investment Policy, additional duties and responsibilities outlined within federal and state laws, rules and regulations; executed contracts or agreements; or as dictated by standard business or industry practices may exist.

A. Board

- 1) Adopt an Investment Policy that establishes the additional investment criteria, which the Board determines to be prudent in consideration of the purposes, terms, distribution requirements and other circumstances of the SPIF and in the best interest of the participants;
- 2) Evaluate the investment performance of the SPIF through reports supplied by the State Treasurer and Investment Staff; and
- 3) Periodically review the actions taken by delegees in order to monitor performance and compliance with the terms of the delegation.

B. State Treasurer

- 1) Implement the Investment Policy, as approved by the Board;
- 2) Operate with a duty of undivided loyalty, investing and managing the SPIF solely in the interest of the participants;
- 3) Delegate investment, administrative and management functions that a prudent person of comparable skills would properly delegate under the circumstances;
- 4) Review and, as applicable, authorize the use of service providers and the employment of Investment Staff;
- 5) Evaluate and, as applicable, approve the processes employed and procedures established by Investment Staff;
- 6) Evaluate the investment performance of the SPIF through reports supplied by Investment Staff;
- 7) Negotiate and execute, with the advice of legal counsel, as applicable, all contracts, agreements, forms and memoranda of understanding deemed necessary or desirable for the efficient administration of the SPIF;
- 8) Monitor the SPIF' compliance with this Investment Policy and applicable federal and state laws, rules and regulations; and
- 9) Take actions that are deemed essential to protect the SPIF and participants' interests.

C. Chief Investment Officer (CIO)

- 1) Assume executive responsibility and authority, as delegated by the State Treasurer, for the ongoing evaluation and management of the SPIF, ensuring compliance with the Investment Policy, as approved by the Board, and such other guidelines, policies, procedures, internal controls, laws, rules and regulations that may apply;

- 2) Undertake the necessary authority to effectively manage and supervise the Investment Staff;
- 3) Delegate investment and management functions that a prudent person of comparable skills would properly delegate under the circumstances;
- 4) Report to and, as necessary or upon request, consult with the State Treasurer and Assistant Treasurer of Investments on administrative, organizational and investment activities;
- 5) Collaborate with Investment Staff and, as applicable, investment related service providers on development and implementation of appropriate investment strategies;
- 6) Prepare and submit reports, as required, to document investment activities;
- 7) Notify the State Treasurer of situations that merit his attention.

D. Investment Management and Staff

- 1) Assume fiduciary responsibility and authority, as delegated by the State Treasurer, for the Investment Staff member's role in the ongoing evaluation, administration and management of the SPIF;
- 2) Utilize special skills and expertise in an effort to accomplish the objectives stated in the Investment Policy;
- 3) Operate with a duty of undivided loyalty, investing, administering and managing the SPIF solely in the interest of the participants;
- 4) Source and evaluate prospective investments on an as-needed basis;
- 5) Ensure compliance with the Investment Policy and such other policies, procedures, internal controls, laws, rules and regulations that may apply;
- 6) Assist the State Treasurer, or his designee, with respect to any matters related to the SPIF;
- 7) Prepare and submit reports, as required, to document investment activities; and
- 8) Notify the State Treasurer and/or the CIO of situations that merit their attention.

V. Governing Principles

The Board has determined, in good faith and in the best interest of the participants, and hereby adopts the following set of governing principles for the oversight of the SPIF:

A. Preservation of Principal and Liquidity

The SPIF shall be designed to be consistent with preservation of principal and shall hold liquid assets sufficient to meet reasonably foreseeable redemptions and operating requirements.

B. Amortized Cost and Stable Net Asset Value

The Board elects to measure for financial reporting purposes all of its investments and securities at amortized cost and transacting with participants at a Stable Net Asset Value.

C. Benchmark

The performance of the SPIF is closely correlated to the average yield of the one-month U.S. Treasury Bill. The performance benchmark for the SPIF will be a 30-Day U.S. Treasury-Bill index.

D. Authorized Investment Instruments and Investment Activities

The Board, in accordance with T.C.A. §9-4-602, hereby authorizes and empowers the State Treasurer and Investment Staff to invest and reinvest the SPIF in the following securities and investment activities, subject to all the terms, conditions, limitations and restrictions imposed, as applicable, by this Investment Policy and other policies, procedures, internal controls, laws, rules and regulations that may apply:

- U.S. Direct Obligation Securities
- U.S. Agency Securities;
- U.S. Instrumentality Securities;
- Repurchase or Reverse Repurchase Agreements;
- Certificates of deposit;
- Prime commercial paper;
- Prime banker's acceptances; and
- Securities lending agreements.

For the avoidance of doubt, money market demand deposit accounts shall be considered cash.

E. Use of Demand Features or Guarantees

If a security, underlying collateral, or other investment is subject to a guarantee or demand feature and the guarantee or demand feature is not being relied upon, the guarantee or demand feature shall be disregarded for the purposes of calculating maturity, quality, diversification or liquidity.

VI. Additional Investment Criteria

The Board hereby imposes the additional investment criteria, which the Board determines to be prudent in consideration of the purposes, terms, distribution requirements and other circumstances of the SPIF and in the best interest of the participants. The disqualification of an investment under one (1) section of this Investment Policy does not prevent its qualification in whole or in part under another section.

A. Maturity

No security or investment purchased shall have a remaining maturity greater than three hundred ninety seven calendar days (i.e. maturity \leq 397 calendar days), as determined by using either the Stated Maturity or an applicable Maturity Shortening Feature. For purposes of this Investment Policy, the detailed criteria used to calculate the maturity for a security or other investment with a specific feature are listed under the Maturity Shortening Feature definition.

The weighted average maturity ("WAM") of the SPIF cannot exceed sixty days (i.e. WAM \leq 60 days), calculated using Maturity Shortening Feature(s) for securities with a variable or floating interest rate.

The weighted average life ("WAL") of the SPIF cannot exceed one hundred twenty days (i.e. WAL \leq 120 days), calculated using Stated Maturity without using the Maturity Shortening Feature(s) for securities with a variable or floating interest rate.

B. Quality

The quality of the following securities shall be evaluated in terms of the minimum quality criteria listed:

Security Type	Minimum Quality Criteria
<p>U.S. Direct Obligation Securities, U.S. Agency Securities or U.S. Instrumentality Securities</p>	<p>First Tier.</p> <p>If the security is subject to a guarantee, the security shall have met the First Tier quality criteria, if the guarantee or guarantor has an Investment Grade credit rating or be of Comparable Quality.</p> <p>If the security is subject to a conditional demand feature, the security shall be First Tier and the conditional demand feature, itself, shall have an Investment Grade credit rating or be of Comparable Quality.</p>
<p>Repurchase or Reverse Repurchase Agreement</p>	<p>A counterparty, or its parent, shall have an Investment Grade credit rating, be a primary dealer as defined by the Federal Reserve Bank of New York, or be of Comparable Quality.</p> <p>The fair value of the underlying collateral shall be at least equal to the resale price provided in the Repurchase or Reverse Repurchase Agreement.</p>
<p>Certificates of deposit and Money market demand deposit accounts</p>	<p>Funds shall be custodied in a state depository pursuant to T.C.A. §9-4-107 and collateralized in accordance with T.C.A. §9-4-403. Such depository institutions are deemed by the Board to be of Comparable Quality to Investment Grade depository institutions.</p> <p>The underlying collateral is limited to those securities and investments authorized under T.C.A. §9-4-103, excluding surety bonds.</p> <p>The interest rates paid on certificates of deposit or money market demand deposit accounts shall be established by the Investment Staff and based on current market conditions, specified maturity dates and cost of collateralization. The interest rates shall be periodically evaluated and, as necessary, readjusted.</p>
<p>Prime Commercial Paper</p>	<p>First Tier, but the security shall have an Investment Grade credit rating by at least two (≥ 2) NRSROs and the issuer shall be approved in writing by the CIO.</p> <p>If the security is subject to a guarantee, the security shall have met the First Tier quality criteria, if the guarantee or guarantor has an Investment Grade credit rating or be of Comparable Quality.</p> <p>If the security is subject to a conditional demand feature, the security shall be First Tier and the conditional demand feature, itself, shall have an Investment Grade credit rating or be of Comparable Quality.</p>

Security Type	Minimum Quality Criteria
Prime Banker's Acceptances	<p>First Tier, the security or issuer shall have an Investment Grade credit rating, and the security shall be eligible for purchase by the federal reserve system.</p> <p>If the security is subject to a guarantee, the security shall have met the First Tier quality criteria, if the guarantee or guarantor has an Investment Grade credit rating or be of Comparable Quality.</p> <p>If the security is subject to a conditional demand feature, the security shall be First Tier and the conditional demand feature, itself, shall have an Investment Grade credit rating or be of Comparable Quality.</p>
Securities Lending Agreement	<p>The underlying collateral is limited to First Tier U.S. Direct Obligation Securities, U.S. Agency Securities or U.S. Instrumentality Securities, which may be subject to a guarantee or conditional demand feature, cash or other securities as allowable under T.C.A. §9-4-103, excluding surety bonds.</p> <p>The fair value of the underlying collateral shall be at least equal to one hundred and two percent ($\geq 102\%$) of the fair value of the borrowed securities or one hundred percent ($\geq 100\%$) of the fair value of the borrowed securities for cash collateral.</p>

If a security, after acquisition, or underlying collateral of a Repurchase or Reverse Repurchase Agreement is downgraded:

- to Second Tier Quality, the SPIF may continue to hold the security so long as the total amount of Second Tier Quality securities do not constitute more than three percent ($> 3\%$) of the SPIF at each fiscal year end.
- Below Second Tier Quality, the SPIF shall divest of the security prior to each fiscal year end.

C. Diversification

Less than five percent ($< 5\%$) of the SPIF shall be in investments of any one issuer of securities.

Less than ten percent ($< 10\%$) of the SPIF shall be in investments of any one issuer of a demand feature or guarantee.

At each fiscal year end, the SPIF shall hold less than one-half of one percent ($< 0.5\%$) of SPIF in any one issuer of Second Tier Quality securities. If the Second Tier Quality securities are subject to a demand feature or guarantee, less than two and a half percent ($< 2.5\%$) of the SPIF shall be of any one provider of demand features or guarantees.

The diversification limitations listed above shall not apply to or include U.S. Government Securities.

For the purposes of calculating portfolio diversification, the following considerations should be made:

- one issuer controls (i.e., owns more than fifty percent of an issuer's voting securities) another issuer(s), such issuers will be deemed a single issuer;
- two or more (≥ 2) issuers are under common control (i.e., entity owns more than fifty percent of the issuers' voting securities), such issuers will be deemed a single issuer;
- a Repurchase or Reverse Repurchase Agreement, the collateral is to be considered;
- a refund security, the escrowed securities are to be considered;
- a conduit security, the entity ultimately responsible for the payments of principal and interest is to be considered;
- an asset-backed security where the obligations of a single entity constitute ten percent or more ($\geq 10\%$) of the assets that back the security, the entity, itself, is to be considered, proportionally; and
- a secondary asset-backed security where the obligations of a single entity constitute ten percent or more ($\geq 10\%$) of the assets that back the secondary security, the entity, itself, is to be considered, proportionally.

Portfolio diversification will be assessed on a monthly basis.

D. Liquidity

Less than five percent ($< 5\%$) of the SPIF shall be in Illiquid Investments.

At least ten percent ($\geq 10\%$) of the SPIF shall be in Daily Liquid Assets and at least thirty percent ($\geq 30\%$) of the SPIF shall be in Weekly Liquid Assets.

Additionally, the SPIF shall not be invested in more than:

- three hundred and fifty million dollars ($\leq \$350,000,000$) of prime commercial paper issued by any one issuer, excluding prime commercial paper that matures on the next business day; and
- twenty-five million dollars ($\leq \$25,000,000$) of prime banker's acceptances issued by any one issuer.

Furthermore, the total fair value of securities on loan under securities lending agreements shall not exceed fifty percent ($< 50\%$) of the fair value of the SPIF on any day.

Portfolio liquidity will be assessed monthly.

VII. Risk Management and Monitoring

A. Shadow Price

No earlier than five (≤ 5) business days prior to and no later than the end of the month, each month, the Investment Staff shall calculate the Shadow Price. The Shadow Price shall not deviate (+ or -) by more than one half of one percent ($> 0.5\%$) from the Stable Net Asset Value.

B. Stress Testing

To minimize principal volatility, the Board hereby determines micro stress testing, to identify specific issues of concern (e.g., exposure to short-term interest rates, an increase in redemptions, a default of a specific security, etc.), and macro stress testing, to quantify the impact of worst-case economic scenarios, shall be annually conducted on the SPIF.

Such stress testing may be outsourced to a third-party or conducted by the Investment Staff using an industry-recognized model.

The results of the micro and macro stress testing shall be timely submitted in writing to the Board. The Board shall review the results and determine if 1) it is in the best interest of the SPIF and participants to continue to measure the SPIF at a Stable Net Asset Value and 2) changes to investment policy or strategy are required.

C. Deviation

Upon discovery of a deviation from the investment criteria or requirements prescribed in this Investment Policy, the Investment Staff and the Department of Treasury compliance staff will initiate steps to resolve any noncompliance and develop controls to ensure future compliance. Within thirty (30) business days after discovery, any such deviation shall be reported to the State Treasurer who may grant an exception to resolve the deviation.

Investment Staff and the Department of Treasury compliance staff will attempt to ensure all remediation efforts are completed with ninety (90) business days after discovery of the deviation. In the event remediation takes longer than ninety (90) days, Investment staff will submit a written corrective action plan to the State Treasurer for approval.

Any deviations and remediation efforts shall be reported in writing to the Board in a timely manner.

D. Safekeeping and Custody

To mitigate custodial credit risk, the SPIF shall be held by the Federal Reserve Bank or by an eligible custodian bank, savings and loan association or trust company that is duly selected and contractually bound and held in the name Treasurer of the State of Tennessee, or such name that is substantially similar thereto.

E. Trading, Brokerage and Research

Best execution, cost and benefits that serve the exclusive interest of the participants are the overriding principles in determining the trading and brokerage counterparty to be used in any transaction. The State Treasurer and Investment Staff are hereby authorized to transact with duly selected trading and brokerage counterparties. Selection of trading and brokerage counterparties shall be subject to the qualifications and processes established by the Investment Staff and approved by the State Treasurer.

F. Treasury Compliance

The Department of Treasury compliance staff will ensure efficient and effective development and administration of a compliance program that is reasonably designed to prevent, detect and, if

necessary, remedy violations of the laws, rules, regulations, and policies applicable to the Department of Treasury Investment Division's investment and securities activities.

G. Segregation of Duties

To aid in the safeguarding of the SPIF, the Department of Treasury internal audit staff shall periodically evaluate risk control areas as to their adequacy, efficiency and effectiveness. Additionally, the State Treasurer shall ensure that critical investment performance reporting, accounting and legal, compliance and audit functions are segregated within the Department of Treasury.

H. Investment Procedures

The Board and State Treasurer deem procedures integral components to the implementation of the Investment Policy and effective oversight of the SPIF. At a minimum, the Investment Staff shall implement written procedures related to trade management and supervision, conflicts of interest, performance reporting and stress testing.

I. Conflicts of Interest

The Investment Staff are required, under separate policies, to notify the Department of Treasury's compliance officer of a conflict of interest or the appearance of a conflict of interest. In the event a disclosed conflict of interest or apparent conflict of interest is related to a specific investment recommendation or transaction, the Department of Treasury's compliance officer will ensure that such disclosure, if material, is made in writing to the Board at the next scheduled meeting.

VIII. Reporting

A. Monthly Holdings Report and Yield

No later than five (≤ 5) business days after the end of the month, each month, the Investment Staff shall issue a holdings report, based on securities and investments held as of the last business day of the month, that includes, at a minimum, the following:

- 1) a description of each security and investment, as further described below;
- 2) the WAM and WAL;
- 3) the Shadow Price; and
- 4) the month-to-date time weighted return.

A description of each security and investment shall include:

- 1) Name of the issuer;
- 2) Category of investment;
- 3) CUSIP number (if any);
- 4) Principal amount;
- 5) Stated Maturity
- 6) Maturity using a Maturity Shortening Feature, if different than Stated Maturity;
- 7) Coupon or yield; and
- 8) Amortized cost value.

The holdings report shall be posted to the Department of Treasury's internet site. The current and prior five (5) months' holdings reports shall be available on the Department of Treasury's internet site.

The monthly rate will be posted to the Department of Treasury internet site. The current and prior 24 months' rate shall be available on the Department of Treasury's internet site.

B. Quarterly Investment Report

After the end of each quarter, Investment Staff shall prepare a written review of the investment activity. The review shall be approved by the CIO. The State Treasurer shall electronically submit a detailed, written review of the investment activity to the Board.

C. Annual Report

Annually, Investment Staff shall prepare and the State Treasurer shall electronically submit a comprehensive investment report to the Board. This report shall include, at a minimum, twelve-month performance returns compared to the benchmark, the administrative fee charged to participants as authorized in accordance with T.C.A. §9-4-603, and any recommendations to investment policy, investment strategy or the administrative fee.

IX. Treasurer Authority

The Board hereby authorizes the State Treasurer to take, for and on behalf of the SPIF, all actions necessary to comply with applicable federal and state securities laws, rules and regulations. In implementing such, the State Treasurer may delegate certain responsibilities to the Department of Treasury staff or service providers.

The State Treasurer is authorized to provide written interpretive guidance and approve in writing, from time to time, exceptions from the requirements contained within the Investment Policy in furtherance of compliance or as deemed in the best interest of the participants, consistent with both fiduciary standards and the scope of the Investment Policy. Such interpretive guidance or exceptions shall be reported in writing to the Board at its next meeting.

X. Approval and Adoption

The Board approved and adopted this revised and restated Investment Policy of the State Pooled Investment Fund at its meeting on the _____ day of _____, 2022 and such Investment Policy shall only be changed by subsequent action of the Board.

Jason E. Mumpower, SECRETARY
STATE FUNDING BOARD

**RESOLUTION ALLOCATING FROM THE DEBT SERVICE
FUND TO THE CAPITAL PROJECTS FUND \$340,349 AND
CANCELING AUTHORIZED BONDS**

Recitals

The State of Tennessee, acting by resolution of its Funding Board, is authorized pursuant to Chapter 591, Public Acts of Tennessee, 2007 (the “2007 Act”), to issue and sell its general obligation bonds in an amount not to exceed Two Hundred Ninety-Five Million Dollars and no cents (\$295,000,000.00) of which Seven Million Dollars and no cents (\$7,000,000.00) is allocated pursuant to Section 4(3) of the 2007 Act (the “Item 3 Bonds”) to the Department of Finance and Administration, to provide funds for acquisition of sites and existing structures for expansion purposes for the Tennessee Board of Regents on behalf of the University of Memphis (“UofM”).

The State Funding Board has previously canceled Five Million, Twelve Thousand, Three Hundred Forty-Six Dollars and Sixty-Two Cents (\$5,012,346.62) of the Item 3 Bonds. None of the remaining One Million, Nine Hundred Eighty-Seven Thousand, Six Hundred Fifty-Three Dollars and Thirty-Eight Cents (\$1,987,653.38) principal amount of the Item 3 Bonds has been issued as 2007 Act Bonds, but cash has been expended from the Capital Projects Fund.

By memorandum dated June 9, 2022, the Commissioner of Finance and Administration notified the State Funding Board that UofM has paid Three Hundred Forty Thousand, Three Hundred Forty-Nine Dollars and no cents (\$340,349.00) into the Debt Service Fund in accordance with an agreement between UofM and the State Funding Board and recommended that: (1) a like amount should be allocated to the Capital Projects Fund and (2) a like amount of general obligation bonds effective in the fiscal year ending June 30, 2022 be canceled.

Be It Resolved By the Funding Board of the State of Tennessee:

1. The project authorized to be financed by the 2007 Act, Item 3 Bonds has been financed in part with current funds and Three Hundred Forty Thousand, Three Hundred Forty-Nine Dollars and no cents (\$340,349.00) is no longer needed to fund such authorized project.
2. Three Hundred Forty Thousand, Three Hundred Forty-Nine Dollars and no cents (\$340,349.00) in accordance with the authority provided by Tennessee Code Annotated Section 9-9-205, is allocated from the Debt Service Fund to the Capital Projects Fund to defray the cost of a portion of the Item 3 Bonds.
3. In accordance with the authority provided by Tennessee Code Annotated Section 9-9-208, and the memorandum from the Commissioner of Finance and Administration dated June 9, 2022, the State Funding Board hereby cancels Three Hundred Forty Thousand, Three Hundred Forty-Nine Dollars and no cents (\$340,349.00) of the principal amount authorized by the 2007 Act for the Item 3 Bonds.
4. This resolution shall be effective as of June 15, 2022, and all resolutions in conflict herewith are hereby repealed.


Adopted by the Funding Board at its meeting on June 15, 2022.

JASON E. MUMPOWER, SECRETARY
TENNESSEE STATE FUNDING BOARD



JASON E. MUMPOWER
Comptroller

To: Members of the State Funding Board

From: Betsy Knotts, Director, Division of Local Government Finance 

Date: June 8, 2022

Subject: Annual Report on Balloon Indebtedness for Fiscal Year 2022

Pursuant to Tenn. Code Ann. § 9-21-133 (the “Act”), local governments must request approval from the Comptroller’s Office prior to issuing balloon indebtedness. The Act authorizes the State Funding Board to establish guidelines with respect to approval by the Comptroller of the Treasury and may exempt certain classes of indebtedness from such approval. Attached is a listing of all balloon indebtedness plans submitted to our Office in Fiscal Years 2015 - 2022.

Refunding Bonds

For Fiscal Year 2022, only four (4) plans of balloon indebtedness were submitted to our Office for review. All four (4) plans were proposed issuances of refunding bonds that achieved debt service savings. Our Office determined the repayment structures of all four (4) proposed refundings were in the public’s interest because they achieved cost savings to the local government.

New Money Bonds

Our Office did not receive any plans of balloon indebtedness for new money debt in Fiscal Year 2022.

Division of Local Government Finance Balloon Indebtedness Request History

For the Period June 16, 2021 through June 15, 2022

Type of Balloon Indebtedness Plan	FY 2015 (Mar-Jun)	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020*	FY 2021	FY 2022
New Money Bonds	3	4	4	1	6	6	5	0
Advance Refunding Bonds	5	21	8	7	0	3	3	3
Current Refunding Bonds	2	1	5	1	2	9	9	1
Total Plans Received	10	26	17	9	8	18	17	4

*One approval was both an advance and a current refunding

FY 2022

Entity	Bonds	Amount	Approved (Y/N/Pending)	Issued (Y/N/Pending)	Comments
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Requests to Issue Balloon Debt

New Money Bonds

None

Advance Refunding Bonds

Bristol	Revenue Electric System	\$ 22,710,000	Y	Y	Cost Savings
West Wilson Utility District	Revenue Water System	21,220,000	Y	Pending	Cost Savings
Memphis	General Obligation	252,000,000	Y	Pending	Cost Savings and Restructure

Current Refunding Bonds

Munford	General Obligation and Revenue	\$ 572,514	Y	Y	Refunding for savings, USDA
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FY 2015 (March - June 2015)

Entity	Bonds	Amount	Approved (Y/N/Pending)	Issued (Y/N/Pending)	Comments
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Requests to Issue Balloon Debt

New Money Bonds

Benton County	Revenue	\$ 2,975,000	N	N	
Lawrenceburg	General Obligation	5,000,000	Y	Y	Wrap-around debt
Maury County	General Obligation	47,000,000	Y	Y	School construction

Advance Refunding Bonds

Cocke County	General Obligation	\$ 10,000,000	Y	Y	
First Utility District of Hawkins County	Revenue	10,000,000	Y	Y	
Hawkins County	General Obligation	9,755,000	Y	Y	
Henderson County	General Obligation	9,500,000	Y	Y	
Hendersonville Utility District	Revenue	9,875,000	Y	Y	

Current Refunding Bonds

Maryville	General Obligation	\$ 10,000,000	Y	Y	
Sevierville	General Obligation	17,120,000	Y	Y	

FY 2016

Entity	Bonds	Amount	Approved (Y/N/Pending)	Issued (Y/N/Pending)	Comments
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Requests to Issue Balloon Debt

New Money Bonds

Madison Suburban Utility District	Revenue	\$ 9,250,000	Y	Y	Water lines
Selmer	General Obligation	3,650,000	Y	Y	Street and road construction
Tennessee Energy Acquisition Corporation	Revenue	850,000,000	Y	N	Prepurchase of natural gas
Wilson County	General Obligation	55,000,000	Y	Y	School construction

Advance Refunding Bonds

Alcoa	General Obligation	\$ 9,900,000	Y	Y	
Anderson County Water Authority	Revenue	7,425,000	Y	Y	
Cocke County	General Obligation	10,000,000	Y	Y	
Columbia	General Obligation	7,850,000	Y	Y	
Dyer County	General Obligation	9,975,000	Y	Y	
Fayetteville	Revenue	10,000,000	Y	Y	
First Utility District of Hawkins County	Revenue	10,000,000	Y	Y	
Harpeth Valley Utility District	Revenue	32,000,000	Y	Y	
Hawkins County	General Obligation	10,000,000	Y	Y	
Hendersonville Utility District	Revenue	7,250,000	Y	Y	
Jefferson County	General Obligation	4,275,000	Y	Y	
Johnson County	General Obligation	4,950,000	Y	Y	
Kingsport	General Obligation	34,000,000	Y	Y	
Maryville	General Obligation	3,550,000	Y	Y	
Metro Nashville Davidson County	General Obligation	425,000,000	Y	Y	
Monroe County	General Obligation	8,500,000	Y	Y	
Ocoee Utility District	Revenue	11,125,000	Y	Y	
Robertson County	General Obligation	48,550,000	Y	Y	
South Blount Utility District	Revenue	13,000,000	Y	Y	
Washington County	General Obligation	113,735,000	Y	Y	
White House Utility District	Revenue	35,000,000	Y	Y	

Current Refunding Bonds

Hardeman County	General Obligation	\$ 9,050,000	Y	Y	
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FY 2017

Entity	Bonds	Amount	Approved (Y/N/Pending)	Issued (Y/N/Pending)	Comments
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Requests to Issue Balloon Debt

New Money Bonds

Greeneville (Airport)	General Obligation	\$ 2,210,000	Y	Y	Airport improvements
Memphis Shelby County Airport	Revenue	110,000,000	Y	Y	Airport improvements
Tennessee Energy Acquisition Corp	Revenue	850,000,000	Y	Y	Prepurchase of natural gas
Wilson County	General Obligation	21,500,000	Y	Y	School construction

Advance Refunding Bonds

Anderson County	General Obligation	\$ 9,250,000	Y	Y	
Claiborne Utility District	Revenue	8,805,000	Y	Y	
Elizabethton	General Obligation	6,500,000	Y	Y	
Henry County	General Obligation	2,275,000	Y	N	
Johnson City	General Obligation	20,740,000	Y	Y	
Knox Chapman Utility District	Revenue	1,800,000	Y	Y	
Poplar Grove Utility District	Revenue	4,800,000	Y	Y	
Watauga River Utility District	Revenue	8,600,000	Y	Y	

Current Refunding Bonds

Hardeman County	General Obligation	\$ 9,100,000	Y	Y	
Lawrenceburg	General Obligation	4,500,000	Y	Y	
Monroe County	General Obligation	9,850,000	Y	Y	
Putman County	General Obligation	53,200,000	Y	Y	
West Wilson Utility District	Revenue	4,200,000	Y	Y	

FY 2018

Entity	Bonds	Amount	Approved (Y/N/Pending)	Issued (Y/N/Pending)	Comments
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Requests to Issue Balloon DebtNew Money Bonds

Henry County	General Obligation	\$ 8,885,000	Y	Y	12-yr maturity; school construction
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Advance Refunding Bonds

Clarksville	Revenue	\$ 26,165,000	Y	Y	
Clarksville	Revenue	53,660,000	Y	Y	
Gibson County	General Obligation	4,325,000	Y	Y	
Manchester	General Obligation	9,300,000	Y	Y	
Maryville	Revenue	33,450,000	Y	Y	
Memphis & Shelby County Sports Authority	Revenue	80,135,000	Y	N	
North West Utility District	Revenue	10,000,000	Y	Y	

Current Refunding Bonds

Campbell County	General Obligation	\$ 8,310,000	Y	Y	
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FY 2019

Entity	Bonds	Amount	Approved (Y/N/Pending)	Issued (Y/N/Pending)	Comments
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Requests to Issue Balloon DebtNew Money Bonds

Jackson	Lease Agreement	\$ 9,718,970	Y	N	New Markets Tax Credit Program- School Construction
Madison County	Lease Agreement	17,000,000	Y	N	New Markets Tax Credit Program - School Construction
Metro Development and Housing Authority	Revenue	25,000,000	N	Y	Tax Increment Financing - Approval requested after adoption of resolution
Metro Nashville Sports Authority	Revenue	225,000,000	Y	Y	Major League Soccer Stadium Construction
Tennergy Corporation	Revenue	1,000,000,000	Y	Y	Prepurchase of natural gas
Tennessee Energy Acquisition Corporation	Revenue	900,000,000	Y	Y	Prepurchase of natural gas

Current Refunding Bonds

Hawkins County	General Obligation	\$ 22,700,000	Y	Y	Refunding for savings
South Blount UD	Revenue Bonds	18,000,000	Y	Y	Refunding USDA for savings

FY 2020

Entity	Bonds	Amount	Approved (Y/N/Pending)	Issued (Y/N/Pending)	Comments
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Requests to Issue Balloon Debt

New Money Bonds

Jackson	Lease Agreement	\$ 11,927,878	Y	Y	New Markets Tax Credit Program- School Construction
Madison County	Lease Agreement	19,579,215	Y	Y	New Markets Tax Credit Program - School Construction
Mallory Valley UD	Revenue Bonds	20,066,049	Y	Y	Improvements to Water System
Metro Nashville Airport Authority	Revenue Bonds	1,000,000,000	Y	Y	Improvements to Airport
Tennergy	Revenue Bonds	750,000,000	Y	Y	Commodity Pre-purchase Bonds
Tennessee Energy Acquisition Corporation	Revenue Bonds (Series A&B)	1,022,963,000	Y	Y	Commodity Pre-purchase Bonds

Current Refunding Bonds

Blountville UD	Revenue Bonds	\$ 216,000	Y	Y	Refunding for savings, USDA
Chuckey UD (Series A)	Revenue and Tax	1,960,000	Y	Y	Refunding for savings, USDA
Crossville (Series A&C)	General Obligation/Tax & Revenue	25,550,000	Y	N	Refunding for savings
Friendsville	Revenue and Tax	1,066,000	Y	Y	Refunding for savings, USDA
H.B.&T.S. UD	Revenue Bonds	4,975,000	Y	Y	Refunding for savings, USDA
Henry County	General Obligation	2,085,000	Y	Y	Refunding for savings
Memphis	General Obligation	83,976,000	Y	Y	Refunding for savings
Metropolitan Lynchburg and Moore County	Revenue and Tax	3,340,233	Y	Y	Refunding for savings, USDA
Minor Hill UD	Revenue Bonds	1,500,000	Y	N	Refunding for savings, USDA

Advance Refunding Bonds

Chuckey UD (Series B)	Revenue and Tax	\$ 1,290,000	Y	Y	Refunding for savings, USDA
Elizabethton	General Obligation	19,260,000	Y	Y	Refunding for savings, BABs
Putnam County	General Obligation	49,160,000	Y	Y	Refunding for savings

FY 2021

Entity	Bonds	Amount	Approved (Y/N/Pending)	Issued (Y/N/Pending)	Comments
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Requests to Issue Balloon Debt

New Money Bonds

Clarksville	Revenue (Series A)	\$ 185,745,000	Y	Y	Improvements to utility system
Crossville	Revenue (Series C)	9,835,000	Y	Y	Improvements to utility system
Pulaski	PBA Loan General Obligation	12,000,000	Y	Y	Improvements to utility system
Memphis Shelby County Airport Authority	Revenue	150,000,000	Y	Y	Improvements to airport
Memphis	Revenue Capital Appreciation Bonds	182,000,000	Y	Y	Capital Projects

Advance Refunding Bonds

Clarksville	Revenue (Series B)	\$ 64,225,000	Y	Y	Refunding for Savings
Memphis Light Gas and Water	Revenue	51,470,000	Y	Y	Refunding for Savings
Robertson County	General Obligation	14,310,000	Y	Y	Refunding for Savings

Current Refunding Bonds

Memphis Shelby County Airport Authority	Revenue	\$ 30,290,000	Y	Y	Refunding for Savings
New Johnsonville	Revenue	2,800,000	Y	Y	Removal of variable interest rate risk
Crossville	General Obligation (Series A1)	4,135,000	Y	Y	Refunding for Savings
Crossville	Revenue (Series C)	21,160,000	Y	Y	Refunding for Savings
Unicoi Water Utility District	Revenue	2,200,000	Y	Y	Refunding for Savings, USDA Loan
Jonesborough	General Obligation	6,105,000	Y	Y	Refunding for Savings, USDA Loan
Lakeview Utility District	Revenue	3,655,000	Y	Y	Refunding for Savings, USDA Loan
Cumberland Gap	General Obligation & Rev Bonds	288,000	Y	Y	Refunding for Savings, USDA Loan
Bristol-Bluff City Utility District	Revenue	8,060,000	Y	Y	Refunding for Savings, USDA Loan